

#### § 513.4

notification for each three-calendar-year period in the case of interest other than interest payable by means of coupons.

(5) A determination of the Commissioner that the foreign corporation does not have such control of the domestic corporation as to render the exemption provided by Article VII(1) of the convention inapplicable will apply until such time as the stock ownership of the domestic corporation has changed to the extent that interest to be received from the domestic corporation by the foreign corporation is no longer exempt from United States tax under Article VII(1) of the convention. If such change in stock ownership occurs, the foreign corporation shall promptly notify both the Commissioner of Internal Revenue and the domestic corporation of the then existing facts with respect to such stock ownership.

(6) In any case in which a foreign corporation whose business is managed and controlled in Ireland has received on or after January 1, 1952, interest from a domestic corporation and the relationship existing between the foreign corporation and the domestic corporation was at the time the interest was paid such as to render uncertain whether, by reason of the exception contained in Article VII(1) of the convention, such interest was exempt from United States tax, the foreign corporation shall apply to the Commissioner of Internal Revenue for a similar determination as to the degree of control at the time the interest was paid. If the Commissioner's determination is that at such time the degree of control was such as to permit the application of the exemption provided by Article VII(1) of the convention, his letter of notification may, subject to the provisions of § 513.7(e), authorize the release of excess tax withheld with respect to such exempt interest.

EFFECTIVE DATE NOTE: By T.D. 8734, 62 FR 53497, Oct. 14, 1997, § 513.3 was revised, effective Jan. 1, 1999. By T.D. 8804, 63 FR 72183, Dec. 31, 1998, the effective date was delayed until Jan. 1, 2000. For the convenience of the user, the revised text is set forth as follows:

#### § 513.3 Interest.

The provisions of § 513.2 relating to the degree of liability to Irish tax in the case of

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dividends are equally applicable with respect to the income falling within the scope of this section.

[62 FR 53497, Oct. 14, 1997]

#### § 513.4 Patent and copyright royalties and film rentals.

(a) Royalties and other amounts (including rentals for the use of, or for the right to use, motion picture films) derived from sources within the United States and received in taxable years beginning on or after January 1, 1951, by a nonresident alien (including a nonresident alien individual, fiduciary, and partnership) who is resident in Ireland for the purposes of Irish tax, or by a foreign corporation (whether or not created or organized in or under the laws of Ireland) whose business is managed and controlled in Ireland, when paid as consideration for the use of, or for the privilege of using, copyrights, patents, designs, secret processes and formulae, trade-marks, and other like property, are exempt from United States tax under the provisions of Article VIII(1) and (3) of the convention if such alien or corporation is subject to Irish tax on such income and at no time during the taxable year had a permanent establishment within the United States. Such items of income are, therefore, not subject to the withholding provisions of the Internal Revenue Code. As to what constitutes a permanent establishment, see Article II(1)(l) of the convention.

(b) The provisions of § 513.2(a) relating to the degree of liability to Irish tax in the case of dividends are equally applicable with respect to the income falling within the scope of this section.

(c) To obviate withholding at the source in the case of such items the nonresident alien resident in Ireland for the purposes of Irish tax, or the foreign corporation whose business is managed and controlled in Ireland, shall notify the withholding agent by letter in duplicate that such income is exempt from United States tax under the provisions of Article VIII of the convention. The provisions of § 513.3(b) relating to the execution, filing, and effective period of the letter of notification prescribed therein with respect to interest are equally applicable with

respect to the income falling within the scope of this section.

(d) Each letter of notification, or the duplicate thereof, must be immediately forwarded by the withholding agent to the Commissioner of Internal Revenue, Clearing Branch, Washington 25, D.C.

EFFECTIVE DATE NOTE: By T.D. 8734, 62 FR 53498, Oct. 14, 1997, § 513.4 was revised, effective Jan. 1, 1999. By T.D. 8804, 63 FR 72183, Dec. 31, 1998, the effective date was delayed until Jan. 1, 2000. For the convenience of the user, the revised text is set forth as follows:

**§ 513.4 Patent and copyright royalties and film rentals.**

The provisions of § 513.2 relating to the degree of liability to Irish tax in the case of dividends are equally applicable with respect to the income falling within the scope of this section.

[62 FR 53498, Oct. 14, 1997]

**§ 513.5 Natural resource royalties and real property rentals.**

(a) Under Article IX of the convention the rate of tax imposed with respect to natural resource royalties and real property rentals by section 211(a) of the Internal Revenue Code (relating to nonresident alien individuals not engaged in trade or business within the United States) and by section 231(a) of the Internal Revenue Code (relating to foreign corporations not engaged in trade or business within the United States) is reduced to 15 percent in the case of royalties in respect of the operation of mines or quarries or of other extraction of natural resources, and in the case of rentals from real property or from an interest in such property, derived from sources within the United States and received in taxable years beginning on or after January 1, 1951, by a nonresident alien (including a nonresident alien individual, fiduciary, and partnership) who is resident in Ireland for the purposes of Irish tax, or by a foreign corporation (whether or not created or organized in or under the laws of Ireland) whose business is managed and controlled in Ireland, if such alien or corporation is subject to Irish tax on such income and at no time during the taxable year had a permanent establishment within the United States. As to what constitutes a permanent establishment, see Article II(1)(l) of the convention.

(b) The provisions of § 513.2(a) relating to the degree of liability to Irish tax in the case of dividends are equally applicable with respect to the income falling within the scope of this section.

(c) To secure the reduced rate of tax at the source in the case of such items the nonresident alien resident in Ireland for the purposes of Irish tax, or the foreign corporation whose business is managed and controlled in Ireland, shall notify the withholding agent by letter in duplicate that the rate of United States tax with respect to such income is reduced to 15 percent under the provisions of Article IX of the convention. The provisions of § 513.3(b) relating to the execution, filing, and effective period of the letter of notification prescribed therein with respect to interest are equally applicable with respect to the income falling within the scope of this section.

(d) Each letter of notification, or the duplicate thereof, must be immediately forwarded by the withholding agent to the Commissioner of Internal Revenue, Clearing Branch, Washington 25, D.C.

EFFECTIVE DATE NOTE: By T.D. 8734, 62 FR 53498, Oct. 14, 1997, § 513.5 was revised, effective Jan. 1, 1999. By T.D. 8804, 63 FR 72183, Dec. 31, 1998, the effective date was delayed until Jan. 1, 2000. For the convenience of the user, the revised text is set forth as follows:

**§ 513.5 Natural resource royalties and real property rentals.**

The provisions of § 513.2 relating to the degree of liability to Irish tax in the case of dividends are equally applicable with respect to the income falling within the scope of this section.

[62 FR 53498, Oct. 14, 1997]

**§ 513.6 Pensions and life annuities.**

(a) Pensions, other than pensions paid by the Government of the United States to individuals in respect of services rendered thereto in the discharge of governmental functions, and any life annuity, derived from sources within the United States in taxable years beginning on or after January 1, 1951, by a nonresident alien individual who is resident in Ireland for the purposes of Irish tax are exempt from United States tax under the provisions of Article XII of the convention.